

## Original Study

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# Defence Expenditures of Nato Member States in the Times of Covid and the New Us Administration: Selected Observations

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**Abstract:** NATO member states have been steadily increasing their levels of defence expenditures since 2015. In 2020, already ten member states met the NATO financial guidelines of spending at least 2% of their gross domestic product (GDP) for defence, including 20% for major equipment. In addition, many other countries were planning to achieve this target by 2024. There are two factors, however, which could slow down this process. First, economic recession as a follow up to COVID-19 will have a negative influence on the state budgets. Defence spending could start decreasing in nominal terms, followed by the challenges in meeting NATO financial guidelines. Second, while President Donald Trump put the Alliance's burden-sharing in the centre of his policy vis-à-vis European allies, the current US administration, represented by the Democratic Party, will put more emphasis on multilateral cooperation as well as soft security instruments, including development and diplomacy. In consequence, even if the White House is going to stand strongly with 2/20% rule, it might lessen the pressure on European allies, especially Germany, to significantly accelerate defence spending, seeing transatlantic relationship in a broader division of risks and responsibilities. In this article, it is suggested that due to the economic crisis of the 2020s and the shift in the policy of the US Government, NATO member states would slow down, in short and mid-term perspectives, the process of increasing defence expenditures.

**Keywords:** NATO; Defence expenditures; Economic crisis; US government.

## 1 Introduction

Defence spending of NATO countries has been in the centre of transatlantic relations since at least 2016. US President Donald Trump made it one of the priorities of his administration, pointing out that the US will not be paying for the security of European allies and demanding that they pay “a fair share” (Toosi, 2017). While the US government was partially effective in causing pressure among the allies and the level of defence expenditures grew significantly as a result, the new political and economic realities at the beginning of the 2020s could hamper this trend. First, the spread of the Coronavirus has had a devastating effect on the global economy. International Monetary Fund estimates that the gross domestic products (GDPs) of the world fell by 3.3% in 2020. The data for NATO member states are even more depressive (Canada, -5.4%; Germany, -4.9%; and US, -3.5%) (International Monetary Fund, 2021). Simultaneously, the road to economic recovery is still uncertain, especially when new waves of COVID-19 are slowing down the process of lifting restrictions in many countries. Second, the new US Government is in the process of reorientation of foreign policy vis-à-vis its European allies. With a different-than-previous-administration perception on multilateralism, President Joe Biden is reshaping political relations with Germany, France and other European countries, putting more emphasis on non-military instruments, including development and diplomacy and lessening the pressure on enhancing defence expenditures. Given these circumstances, at least some of the NATO member states could be, in the short- and mid-term

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perspective, less inclined in boosting spending on defence. The security environment close to North Atlantic Treaty area, especially on the eastern flank of the on eastern flank of NATO, can overcome this trend only in some countries.

## 2 NATO financial guidelines

NATO Summit in Newport in 2014 set the guidelines concerning the level of defence expenditures of the member states. According to par. 14 of the Wales Summit Declaration, the allies agreed to spend at least 2% of their GDP on defence, including at least 20% on major equipment (NATO HQ, 2014). The reference to these rules was subsequently incorporated into the declarations of NATO summits in Warsaw (NATO HQ, 2016), Brussels (NATO HQ, 2018) and London (NATO HQ, 2019) and can be treated as an official policy of the Alliance.

The specific guidelines on defence expenditures are based on the Washington Treaty. Art. 3 of this document stipulates that every member state is obliged to maintain and develop its individual and collective capacity to resist armed attack (NATO HQ, 1949). Since this is a general clause on the necessity of improving individual allies' capabilities, its interpretation, throughout the history of NATO, has been varied, and the corresponding variations in the level of defence expenditures can be observed (Voyger, 2019, pp. 71–81). Current NATO Strategic Concept states that the Alliance “must have sufficient resources – financial, military and human – to carry out its missions, which are essential to the security of Alliance populations and territory” (NATO HQ, 2010).

Despite the existing guidelines, only some of the NATO member states are meeting them (see Table 1).

According to current NATO data (see year 2020 in Table 1) only ten NATO countries are meeting both (2% of GDP and 20% of defence expenditures for major equipment bolded countries) requirements. Among the most significant contributors are three nuclear powers (US, UK and France) and seven countries of the eastern and northern flank of NATO (Estonia, Poland, Romania, Latvia, Lithuania, Norway and Slovakia). Simultaneously, there are nine countries, which meet at least one of the two guidelines (either 2% of their GDP for defence or 20% of their defence expenditures for major equipment). In terms of NATO resources, the biggest challenges are posed by the fact that three members of G7 (Canada, Germany and Italy) do not fulfil NATO requirements.

Notwithstanding suboptimal allocation of defence expenditures, one has to say that NATO overall defence spending has radically increased during the last five years. NATO Secretary General Jens Stoltenberg emphasised that 2019 was the “fifth year of rising defence investment. European Allies and Canada have added 130 billion USD. Moreover, by the end of 2024, that figure will rise to 400 billion USD” (NATO HQ, 2020). The precise numbers of rising defence expenditures are shown below.

Data in Table 2 proved that between 2015 and 2020, defence expenditures among NATO allies was increased by more than 220 billion USD (with the US) and by 68.2 billion (without the US). That is reflected in the increase of 0.29–0.31 of percentage points in terms of the share in GDP.

The major shift in the financial policy of NATO member states can be explained mostly by a response towards an aggressive policy of the Russian Federation. The annexation of Crimea, armed conflict with Ukraine and the growing threat from Moscow changed the position of the Alliance and its member states. Strengthening eastern flanks of NATO and ongoing challenges on its southern and northern areas required new strategy and additional resources. However, the significant enhancement in defence expenditures would not have been possible without the stringent position of the US administration. While the necessity of increasing defence expenditures was postulated both by Democrats and Republicans, only US President Donald Trump reprioritised it as the key issue. On the one hand, he pushed for considerable growth of the Department of Defense (the Pentagon's budget increased between 2015 and 2020 by more than 20%); on the other hand, the White House continued to exert enormous pressure on the Allies, requesting them to pay more for defence (Kozłowski, 2019a, pp. 108–126). The latter claim was continuously maintained as mainly economically oriented, as President Trump warned that “the countries we are defending must pay for the cost of this defence, and if not, the US must be prepared to let these countries defend themselves. We have no choice” (The New York Times, 2016).

Most of the allies attempted to adjust to new US policy, but some of the European members of NATO hesitated to absorb the position of Washington fully. The tensest situation arose between the US and Germany, since the whole variety of issues in energy (Nordstream II; project of the gas pipeline between Russia and Germany), military (burden-

**Table 1:** Level of defence spending and their share in the GDP of NATO Allies (2015–2020).

	Country	Share of defence spending in GDP (%)		Share of military expenditure spent on military equipment (%)	
		2015	2020 e	2015	2020 e
1.	<b>USA</b>	<b>3.52</b>	<b>3.73</b>	<b>25.41</b>	<b>29.25</b>
2.	Greece	2.30	2.68	10.40	12.06
3	<b>Poland</b>	<b>2.22</b>	<b>2.31</b>	<b>33.20</b>	<b>29.04</b>
4.	<b>United Kingdom</b>	<b>2.03</b>	<b>2.32</b>	<b>21.75</b>	<b>23.00</b>
5.	<b>Estonia</b>	<b>2.01</b>	<b>2.33</b>	<b>12.82</b>	<b>25.36</b>
5–6.	Croatia	1.78	1.83	8.01	10.27
	<b>France</b>	<b>1.78</b>	<b>2.04</b>	<b>25.04</b>	<b>26.50</b>
8.	<b>Norway</b>	<b>1.59</b>	<b>2.00</b>	<b>21.83</b>	<b>28.44</b>
9.	<b>Romania</b>	<b>1.45</b>	<b>2.07</b>	<b>19.65</b>	<b>23.08</b>
10.	Montenegro	1.40	1.72	5.43	20.76
11.	Turkey	1.39	1.86	25.13	34.20
12.	Portugal	1.33	1.59	8.70	16.60
13.	Bulgaria	1.25	1.60	3.47	19.20
14.	Canada	1.20	1.42	10.47	17.36
15.	Germany	1.19	1.56	11.93	16.87
16.	Albania	1.16	1.29	8.92	14.50
17.	<b>Lithuania</b>	<b>1.14</b>	<b>2.13</b>	<b>21.55</b>	<b>26.19</b>
18.	The Netherlands	1.13	1.49	11.16	26.10
19.	<b>Slovakia</b>	<b>1.12</b>	<b>2.00</b>	<b>18.28</b>	<b>31.84</b>
20.	Denmark	1.11	1.43	11.50	22.35
21.	Italy	1.07	1.39	9.72	24.59
22.	North Macedonia	1.05	1.27	11.13	11.41
23.	<b>Latvia</b>	<b>1.04</b>	<b>2.27</b>	<b>13.60</b>	<b>26.03</b>
24.	Czech Rep.	1.03	1.34	11.76	17.00
25–26	Slovenia	0.93	1.10	1.85	4.56
	Spain	0.93	1.17	14.82	23.25
27–28	Belgium	0.91	1.07	3.44	10.36
	Hungary	0.91	1.85	9.75	34.73
29.	Luxembourg	0.43	0.54	33.33	52.53
30.	Iceland	n.a.	n.a.	n.a.	n.a.

(NATO HQ, 2021).

e, estimates; GDP, gross domestic product.

**Table 2:** Dynamic of growth of NATO defence expenditures (2015–2020).

Regions	2015		2020 e		Change (2015/2020)	
	Billion USD	% GDP	Billion USD	% GDP	Billion USD	% points
NATO Europe and Canada	254.4	1.42	322.6	1.73	68.2	0.31
NATO Total	895.7	2.48	1,107.6	2.77	221.9	0.29

(NATO HQ, 2021).GDP, gross domestic product.

sharing; not meeting NATO financial guidelines by Berlin) and trade (huge US deficit against Germany) started seriously dividing Washington and Berlin. The conflict was reflected in the US decision to make a partial withdrawal of the US forces from Germany (Dempsey, 2020). The Department of Defense announced in July 2020 that approximately 11,900 military personnel would be repositioned from Germany with nearly 5,600 repositioned within other NATO countries and 6,400 returning to the United States (US Department of Defense, 2020).

What are the reasons for the position of Germany and/or other countries not to meet NATO financial guidelines? First, one has to perceive defence expenditures in the context of strategic or security culture. Berlin (and e.g., Tokyo) represent antimilitarist political-military culture, which can be characterised by certain beliefs and values that encompass a reticence towards aggressive military armament, including scepticism about the appropriateness and utility of military force, preference for multilateral action and an aversion to assuming a leadership role in international security affairs (Lantis, 2002, p. 101). This also includes the gradualist approach to defence policy and opposition towards any considerable increase in the defence budget. Second, there is a common understanding among the NATO member states on neutralising threats such as Russia's renewed geostrategic assertiveness along the Alliance's Eastern (and, increasingly, Southern and Northern) flank and the surge of Islamic terrorism (Michta, 2017). The continued sanctions regime against Moscow can be presented as an example of a collective policy of an Alliance. Nevertheless, despite the commonly agreed upon documents, there are discrepancies in individual threat perception of allies, which could lead to weakening the position of defence sector versus other priorities in the state budget (i.e., climate or health sector). Third, one cannot diminish the current debate on the scope of the defence budget. Some experts suggest that – in opposition to defence expenditures – an alternative category of the security budget should be introduced. Development aid and humanitarian assistance can also count as contributions to global security (Islam, 2017). This argument is also a part of a German's position in the budgetary discourse.

The above-mentioned counterarguments have a limited validity since the 2% rule was agreed by NATO member states unanimously. That unambiguous position of the US cannot be questioned given that any detailed assessment of NATO forces, the military balance and the national elements of the Alliance's force prove that there is no meaningful European alternative to dependence on the United States (Cordesman, 2018).

### 3 Economic crisis and defence expenditures

Severe economic crisis caused by COVID-19 will hinder NATO member states from keeping up with the increase of defence expenditures. The deep recession of 2020 will have serious consequences for all allies, although not on the same level. While there is a common understanding that the recovery will start already in 2021, the International Monetary Fund estimates that the global prospects remain highly uncertain given that “economic recoveries are diverging across the countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support” (International Monetary Fund, 2021). According to current IMF prognosis, the world output will start rising in 2021 to come back to the nominal levels of 2019 GDP already in 2022.

Data in Table 3 show that – taking into account the selected group of countries – only Turkey avoided recession in 2020. The GDPs of France, Italy, Spain and UK decreased by more than 8% and the return to pre-COVID-19 levels in these countries would be difficult before 2023. Simultaneously, Poland and the Baltic states undergo economic decline in relatively good shape (recession below 4%).

**Table 3:** Annual percent change of real GDP in selected NATO member states (2018–2022).

	Country	Real GDP (Annual percent change)				
		2018	2019	2020	2021 e	2022 e
1.	Canada	2.4	1.9	-5.4	5.0	4.7
2.	France	1.9	1.5	-8.2	5.8	4.2
3.	Estonia	4.4	5.0	-2.9	3.4	4.2
4.	Germany	1.3	0.6	-4.9	3.6	3.4
5.	Hungary	5.4	4.6	-5.0	4.3	5.9
6.	Italy	0.9	0.3	-8.9	4.2	3.6
7.	Latvia	4.0	2.0	-3.6	3.9	5.2
8.	Lithuania	3.9	4.3	-0.8	3.2	3.2
9.	The Netherlands	2.4	1.7	-3.8	3.5	3.0
10.	Poland	5.4	4.5	-2.7	3.5	4.5
11.	Romania	4.5	4.1	-3.9	6.0	4.8
12.	Spain	2.4	2.0	-11.0	6.4	4.7
13.	Turkey	3.0	0.9	1.8	6.0	3.5
14.	UK	1.3	1.4	-9.9	5.3	5.1
15.	USA	3.0	2.2	-3.5	6.4	3.5

(International Monetary Fund, 2021, 129–132).

GDP, gross domestic product.

As a natural consequence of COVID-19, the governments will use all available resources to combat the health emergency and will neutralise economic crisis to the extent possible. Pragmatism, urgency and difficulties of the short term decisions will probably require reconsideration of defence spending (i.e., in the investment sector). That might include cuts in defence spending, since there is no doubt that the defence sector does not have to represent a significant political constituency, and that in peacetime, threats are often construed as a more or less remote possibility (van Lonkhuijsen, 2020). That is especially probable as the adverse effects of cutting defence are mostly long term and relatively abstract (Fischer-Bollin, Knirsch, 2011, p. 111).

It is worth mentioning that a decade ago, NATO member states faced similar problems, when the 2008 financial turmoil took a dramatic toll on the global economy. Only in 2009, the GDP of the European Union decreased by more than 4%, followed by years of very slow growth. Simultaneously, public debt climbed sharply from 58% of GDP in 2007 to 87% of GDP in 2014. Driven by the need to cut huge budget deficits, defence expenditures rapidly declined during this period (Morcos, 2020).

Data in Table 4 show that between 2008 and 2011, defence spending among the ten biggest member states (in terms of defence budgets) declined by almost 20 billion USD. Only Canada (by 20.3%), Poland (8.5%) and USA (0.3%) have increased their defence expenditures during that period. Most of the countries faced radical cuts across the budget (including in military investment and research and technology). The most dramatic cuts were done among smaller NATO member states with rates above 30% (e.g., Latvia’s defence expenditures dropped from 0.54 billion USD in 2008 to 0.29 billion USD in 2011), while reductions amounting on an average to 10% were observed in the majority of middle-sized countries (European Parliament, 2011, p. 36). Among the top twelve countries, the most severe reductions were made by Spain (25.6%) and France (19.6%). The structure of reductions was varied and concerned personnel (reduction of forces) and investment (cutting equipment, both in existence and in projected procurement) expenses (Fischer-Bollin, Knirsch, pp. 117–119).

**Table 4:** Defence expenditures of selected NATO Allies (2008–2012).

	Country	Defence spending in billion USD				
		2007	2008	2009	2010	2011
1.	USA	586.1	729.5	757.5	785.8	731.8
2.	UK	68.9	68.1	58.2	60.3	63.5
3.	Germany	42.5	48.1	47.5	46.2	48.1
4.	France	61.8	66.4	54.4	51.9	53.4
5.	Italy	28.6	33.1	30.5	28.6	30.2
6.	Canada	17.9	19.7	19.1	21.3	23.7
7.	Turkey	11.8	14.4	12.6	14.1	14.4
8.	Spain	16.7	18.7	16.9	14.7	13.9
9.	The Netherlands	11.4	12.4	12.1	11.2	11.3
10.	Poland	7.8	8.2	7.5	8.5	8.9
11.	Romania	2.6	3.0	2.2	2.1	2.4
12.	Hungary	1.8	1.9	1.5	1.3	1.4
13.	Lithuania	0.45	0.53	0.40	0.33	0.35
14.	Latvia	0.44	0.54	0.32	0.25	0.29
15.	Estonia	0.37	0.43	0.35	0.33	0.39

(NATO HQ, 2012).

We might observe a similar trend in the post-COVID-19 era. During economic recessions, member states are inclined to decrease their defence expenditures. Simultaneously, it does not have to imply violating NATO defence financial guidelines directly. The decline in defence spending might be parallel to the decline of GDP; thus, expenditures would stick to the previous level of share of GDP. The situation could worsen in the mid- and long-term horizon; some of the member states would not be interested in boosting defence expenditures, especially if the security environment stabilises. That would petrify defence expenditures of at least some of the countries; such a situation has already had precedence in the NATO's past. It is worth emphasising that for some Western European member states (UK, France, Italy, Spain) the cuts during 2008–2011 were so deep that even 2019 levels of nominal defence expenditures are lower than those in 2008 (see data in Tables 3 and 4).

The key question on the prognosis of NATO defence spending in 2020s might depend on the security environment close to North Atlantic Treaty borders<sup>1</sup>. A limited parallel in that regard can hypothetically be drawn in relation to the ongoing armed conflict between Russia and Ukraine as well as the aggressive and confrontational policy of the Kremlin vis-à-vis many Allies (i.e., Czech Republic); these will definitely sustain political and military awareness of NATO. Simultaneously, any temporary détente in NATO-Russia dialogue might diversify European allies' approach in terms of defence spending. While NATO eastern flank countries (especially Poland and the Baltic states) would boost their defence spending, some of the Western and Southern European member states might slow down this process. Selective NATO member states' defence expenditures' reaction to Russia's invasion of Georgia in 2008 could be a lesson here (see Table 3).

<sup>1</sup> There is a wide literature on the determinants that ascertain defence spending. Smith enumerates: “the decision-making process in a given country, threat perception, structure and effectiveness of military responses to these threats, and the cost of these responses in relations to publicly available resources” (Smith, 2009, 46–51).

**Table 5:** Defence expenditures in selected years (share of GDP).

Year	1792	1820	1840	1860	1862	1863	1864	1865	1866
Defence Spending	0.54	1.44	1.00	0.66	7.49	8.62	8.18	11.73	3.78
Year	1870	1900	1917	1918	1919	1920	1930	1940	1943
Defence Spending	1.38	1.60	2.67	15.68	21.79	5.23	1.59	2.10	34.68

(Defense Spending Spikes Fiscal Years 1792–2020, 2020).

GDP, gross domestic product.

## 4 Defence expenditures and US administration

Change in the US administration might be the prerequisite for slowing down the increase of defence spending among NATO member states. There is a natural difference in the Republican and Democratic Parties’ political agenda on defence and security issues. The Democratic Party seems to be less inclined to spend more on defence, seeing the necessity to deeply support “soft power” instruments, including development and humanitarian projects, as well as other agenda of the State Department. As a consequence of the re-prioritisation of US policy, one can observe slight weakening of the position of the defence budget in the hierarchy of federal spending.

Fiscally responsible defence budgets have been a bipartisan effort in most of the history of the United States. Such an approach was driven by the war and no-war periods in the history of this country.

Data in Table 5 (the period between 1792 and 1943) show that the level of US defence expenditures was directly dependent on the war and no-war periods. Radical increases in defence spending happened during the civil war (1862–1865), World War I (1918–1919) and World War II (1943). During interwar periods, defence expenses were kept on a relatively low level. For example, in the middle of 1930s, US spending on defence was lower than the Soviet Union’s (by three times), Germany’s (2.5 times), Italy’s and France’s (Kozłowski, 2019b, p. 50). The policy had changed after WW2; this is when the US decided to take up the role of being a global political and military leader, whose power is based on the dominant economic status; and this stance is reflected in the contemporary high levels of defence spending. It stemmed from the arms race with the Soviet Union, and it affirmed the US hegemonic position in the world.

The history of military spending in the US during the last half of the century shows that presidents elected from the Democratic Party (Jimmy Carter 1977–1981, Bill Clinton 1993–2001 and Barack Obama 2009–2016) were prone to relatively reduce defence expenditures for the benefits of other sectors of the economy, while the heads of state from the Republican Party chose a different direction (see Table 6).

When a president nominated by the Democratic Party was the leader, a decrease in the share of defence expenditures in GDP was recorded. In the years 1977–1980 (J. Carter) the level of defence expenditures did not exceed 4.97%, while in the years 1981–1989 (R. Reagan) they scaled up from 5.43% to 5.75%. In 1993–2001 (B. Clinton), the share of defence expenditure in GDP fell from 4.33% (in 1993) to 2.93% (in 2000). During his successor’s presidency (G. W. Bush), this ratio increased from 2.94% to 4.22%, while in Obama’s term there was a decrease from 4.63% in 2010 to 3.21% in 2016. President Trump enhanced defence spending from 3.11% in 2017 to 3.87% in 2020. The review of defence expenditures in the examined period allows us to draw a conclusion about the contrasting positions adopted by the Republican and Democrat presidents.

Obviously, defence expenditures cannot be isolated from external factors. They may effectively influence the development of security policy regardless of which party would form the government. At the turn of 1980s and 1990s, when the post-cold war era begun and peace dividends were paying off, Republican President George H. Bush decided to decrease defence spending. The terrorist attack on 11 September 2001 would imply a subsequent increase in defence expenditure regardless of the Party affiliation. It seems to prove that the demarcation line between the Democratic Party and the Republicans in terms of defence spending is not always the same; the position of individual congress politicians may be influenced by the interests of particular states and constituencies. Simultaneously, the role of the Department of Defense as an employer, especially in the post-pandemic crisis and with the support of defence industry

**Table 6:** The share of defence expenditures in GDP in 1977–2020 (values in%).

Years	President	Party	Share of defence expenditures in GDP – years 1977–2016
1977–1980	Jimmy Carter	Democratic	1977 – 4.97; 1978 – 4.76; 1979 – 4.77; 1980 – 4.96
1981–1988	Ronald Reagan	Republican	1981 – 5.43; 1982 – 6.57; 1983 – 6.04; 1984 – 5.89; 1985 – 6.12; 1986 – 6.30; 1987 – 6.08; 1988 – 5.75.
1989–1992	George H. Bush	Republican	1989 – 5.55; 1990 – 5.28 1991 – 4.57; 1992 – 4.67.
1993–2000	Bill Clinton	Democratic	1993 – 4.33 1994 – 3.94; 1995 – 3.64; 1996 – 3.35; 1997 – 3.21; 1998 – 3.02; 1999 – 2.91; 2000 – 2.93.
2001–2008	George W. Bush	Republican	2001 – 2.94; 2002 – 3.25; 2003 – 3.61; 2004 – 3.79; 2005 – 3.86; 2006 – 3.82; 2007 – 3.85; 2008 – 4.22.
2009–2016	Barack Obama	Democratic	2009 – 4.63; 2010 – 4.66; 2011 – 4.58; 2012 – 4.23; 2013 – 3.81; 2014 – 3.48; 2015 – 3.27; 2016 – 3.21.
2017–2020	Donald Trump	Republican	2017 – 3.11 2018 – 3.16 2019 – 3.51 2020 – 3.87.

(US Military Spending/Defense Budget 1960–2020, 2020). GDP, gross domestic product.

lobbying, can be perceived as one of the priorities/vehicles of economic recovery. Opinions on the extent up to which the defence industry can play a role in that regard vary (Kozłowski, 2019b, 45–70).

Considering all the above arguments, we can add that President Joe Biden already declared in the campaign that he would run defence and foreign policy differently from President Donald Trump. Significant distinctions would probably include: a greater tendency towards multilateralism (which could also be reflected in the arms control area); limiting (scaling back) some of Trump's defence investments plans (i.e., building a new nuclear intercontinental ballistic missile force); and stimulation of innovative and technologically advances industry projects in cyber, space, unmanned systems and artificial intelligence. Moreover, Biden will be interested in boosting non-military security areas, including diplomacy, economic power, education and science and technology. Simultaneously, while he will keep the narrative on not foreseeing major defence cuts, he will be under constant pressure from the left-wing electorate to do so (Mehta, Gould, 2020).

After the first 4 months of the current US government we can draw – in the area of defence expenditures – at least four conclusions. First, President Biden will keep 2/20% rule for NATO member states, demanding that European allies further boost their defence capabilities, especially when in the long term perspective the strategic interest of Washington is military build-up in Indo Pacific region. What the US will want from European allies is more capable and mature allies, not ones that remain dependent (Brattberg, 2021). Second, the US administration will build their expectations towards Europeans in a more complex way than the previous administration. Perceiving broader responsibilities in military and non-military areas, Washington will expect deeper engagement of European allies in development and humanitarian assistance or other strategic areas. That position is in line with President's Obama understanding that civilian institution of diplomacy and development cannot be undermanned and underfunded relatively to military sector (Report of the Task Force on A Unified Security Budget for the United States, 2010). Third, President Biden is going to find a right balance on defence budget in US internal politics. The US government proposal for 2022 is 715 billion USD for the Department of Defense, which might not be enough to keep up with inflation, but is in the middle of expectations of some Republican (the defence budget of 3–5% over inflation) and Democratic (further cuts in defence spending) expectations (Beynon, 2021). Fourth, strategic decisions regarding the presence of US troops in Europe are not going to be – also implicitly – associated with burden sharing problem. As an example, we can add that President Biden has recently frozen plans to withdraw 12,000 American soldiers from Germany and has ordered the Secretary of Defense to conduct a special review of US global posture in that regard.



## 5 Conclusions

The Allies have steadily increased their levels of defence expenditures since 2016. By 2020 already eight member states met the NATO financial guidelines of spending at least 2% of their GDP for defence, including 20% for major equipment. Some other countries were planning to achieve this target. However, economic crisis, connected with the COVID-19 pandemic, and the change of administration in the United States, might reverse the trend. The global recession will inevitably exercise pressure on the Allies to reprioritise their state budgets to non-defence sectors, including health care and other areas of the economy that are particularly affected by the pandemic crisis. Should the level of threat remain unchanged or diminish, that process can continue, especially when the new US administration lessens the pressure on other allies to spend more on defence. Both recent US history and political priorities of President Joe Biden show that the Democratic administration, while understanding the necessity of the Department of Defense and keeping in mind the NATO 2/20% rule, puts more emphasis on soft security instruments, including development and diplomacy. That might have a special meaning in the post-Trump Era when Washington would attempt to pursue a new and positive approach towards multilateralism. The consequences will also include the area of defence spending.

While there are still many unknowns, one still has more questions than answers. Will NATO, with limited resources, be able to remain in its new posture on the eastern flank of the Alliance? Would US military deployment in Europe be implemented as it is planned? Should Russia abstain from obvious political and military provocation, and would the Western European countries be more ready to consider rapprochement with Russia? We can assume that at least some of the European allies would be eager to rethink their plans for enhancing defence expenditures.

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